

From: CBPC, EACTAPP [EACTAPP@state.sgov.gov]
Sent: Monday, March 17, 2008 6:49 PM
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Subject: TRIPOLI 00000230 R CO 17-MAR-08 LIBYA MAKES PROGRESS ON BANKING REFORM [7168207]

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C O N F I D E N T I A L SECTION 01 OF 02 TRIPOLI 000230

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SUBJECT: LIBYA MAKES PROGRESS ON BANKING REFORM REF: TRIPOLI 126

CLASSIFIED BY: Chris Stevens, Charge d'Affaires, U.S. Embassy Tripoli, U.S. Department of State. REASON: 1.4 (e)

[1](#)1. (C) Summary: Libya's banking reform program continues to make progress. Buoyed by the windfall that accompanied the February 13 sale of a s

[1](#)2. (SBU) Based on the assessment of Central Bank Governor Farhat Bengadara and the project director of the firm serving as his strategic advisee, the U.S. Embassy is pleased to report that the Central Bank of Libya (CBL) is making significant progress in privatizing its commercial banks. BANK PRIVATIZATIONS PROCEEDING APACE ...

3.(C) The CBL remains satisfied with its ongoing program of privatizations and mergers for Libya's state-run commercial banks. Jordan-based Arab Bank has been selected to acquire the CBL's state-run commercial banks. ...DESPITE SOME HARDBALL, ITALIAN-STYLE

[1](#)4. (C) In the weeks leading up to the announcement of Arab Bank's winning bid, two of five foreign banks interested in bidding pulled out. The Central Bank of Libya (CBL) is making significant progress in privatizing its commercial banks. CENTRAL BANK INTERNAL REFORMS ONGOING

5.(C) The CBL is currently upgrading its monetary policy functions to better manage monetary policy functions. It is also seeking to develop more effective monetary policy functions. The Central Bank of Libya (CBL) is making significant progress in privatizing its commercial banks.

6.(SBU) Bengadara bemoaned the fact that the CBL remains engaged in a number of activities more appropriately handled by the Ministry of Finance. The Central Bank of Libya (CBL) is making significant progress in privatizing its commercial banks. A FOCUS ON TRAINING

7.(SBU) The CBL has established the Tripoli-based "Banking and Financial Studies Center" in accordance with a October 2006 GPC decree. It currently has a number of activities more appropriately handled by the Ministry of Finance. The Central Bank of Libya (CBL) is making significant progress in privatizing its commercial banks.

8.(SBU) As part of the training effort, the McKinsey team in Tripoli is focusing on requalifying the CBL's human resources staff, emphasizing retraining of staff. The Central Bank of Libya (CBL) is making significant progress in privatizing its commercial banks.

9.(SBU) Standard & Poor's and Moody's, two of the top evaluators of credit risk, are expected to be invited to conduct an assessment of Libya's credit risk. The Central Bank of Libya (CBL) is making significant progress in privatizing its commercial banks.

10.(C) Comment: Bengadara impressed us as a credible, savvy interlocutor. Concerns about English language ability and technical skills below that of Chris Stevens. The Central Bank of Libya (CBL) is making significant progress in privatizing its commercial banks.